

STAND. COM. REP. NO.

3366

Honolulu, Hawaii

APR 04 2014

RE: H.B. No. 1772
H.D. 1
S.D. 1

Honorable Donna Mercado Kim
President of the Senate
Twenty-Seventh State Legislature
Regular Session of 2014
State of Hawaii

Madam:

Your Committee on Ways and Means, to which was referred H.B. No. 1772, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO THE GENERAL EXCISE TAX,"

begs leave to report as follows:

The purpose and intent of this measure is to facilitate access to quality health care for veterans of the United States Armed Services.

More specifically, this measure clarifies that the amounts received by a contractor in payment for the costs or advancements to third party health care providers, pursuant to a contract with the United States Department of Veterans Affairs for the administration of the Patient-Centered Community Care program, are excluded from the state general excise tax.

Your Committee received written comments in support of this measure from TriWest Healthcare Alliance. The Department of Taxation and the Tax Foundation of Hawaii submitted written comments on the measure.

Your Committee finds that the Patient-Centered Community Care program is a program of the United States Department of Veterans Affairs to ensure access to high-quality, low-cost health care services for veterans. On behalf of the United States Department of Veterans Affairs, contractors make advances to third party health care providers for costs of health care services provided

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to veterans under the program. The United States Department of Veterans Affairs subsequently reimburses the contractor for the costs or advancements made to third party health care providers. Your Committee also finds that some uncertainty may exist as to whether the reimbursements received by the contractors are subject to the state general excise tax. Your Committee believes that this measure will eliminate any uncertainty by clarifying that the reimbursements are not subject to the state general excise tax.

Your Committee has amended this measure by:

- (1) Changing the effective date to July 1, 2050, to facilitate further discussion on the measure; and
- (2) Making technical nonsubstantive amendments for the purposes of consistency, clarity, and style.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1772, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1772, H.D. 1, S.D. 1.

Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,



DAVID Y. IGE, Chair



The Senate
Twenty-Seventh Legislature
State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

| | | | | |
|---|--|-------------------------|------------|----------------|
| Bill / Resolution No.:* HB1772, HDI | Committee Referral: PSM/HTH, WAM | Date: 3-28-14 | | |
| <input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____ | | | | |
| The Recommendation is: <div style="display: flex; justify-content: space-between; align-items: flex-start;"> <div style="text-align: center;"> <input type="checkbox"/> Pass, unamended 2312 </div> <div style="text-align: center;"> <input checked="" type="checkbox"/> Pass, with amendments 2311 </div> <div style="text-align: center;"> <input type="checkbox"/> Hold 2310 </div> <div style="text-align: center;"> <input type="checkbox"/> Recommit 2313 </div> </div> | | | | |
| Members | Aye | Aye (WR) | Nay | Excused |
| IGE, David Y. (C) | ✓ | | | |
| KIDANI, Michelle N. (VC) | ✓ | | | |
| CHUN OAKLAND, Suzanne | | | | ✓ |
| DELA CRUZ, Donovan M. | ✓ | | | |
| ENGLISH, J. Kalani | ✓ | | | |
| ESPERO, Will | ✓ | | | |
| KAHELE, Gilbert | ✓ | | | |
| KEITH-AGARAN, Gilbert S.C. | ✓ | | | |
| KOUCHI, Ronald D. | ✓ | | | |
| RUDERMAN, Russell E. | ✓ | | | |
| THIELEN, Laura H. | ✓ | | | |
| TOKUDA, Jill N. | ✓ | | | |
| SLOM, Sam | ✓ | | | |
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| Recommendation: <div style="display: flex; justify-content: space-around; margin-top: 5px;"> <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted </div> | | | | |
| Chair's or Designee's Signature: <i>Michelle N. Kidani</i> | | | | |
| Distribution: <div style="display: flex; justify-content: space-between; font-size: 0.8em; margin-top: 5px;"> Original File with Committee Report Yellow Clerk's Office Pink Drafting Agency Goldenrod Committee File Copy </div> | | | | |

*Only one measure per Record of Votes